

## BOARD ACTION MEMORANDUM

**TO:** NCUA Board

**DATE:** May 24, 2011

**FROM:** Office of Chief Economist  
Office of General Counsel

**SUBJ:** Final Sample Income Data Rule  
– Low-Income Designation- §701.34

**ACTION REQUESTED:** NCUA Board approval of a final rule amending §701.34, the low-income designation rule, with regard to the use of sample income data to qualify federal credit unions for a low-income designation.

**DATE ACTION REQUESTED:** June 16, 2011.

**OTHER OFFICES CONSULTED:** Office of Consumer Protection, Office of Small Credit Union Initiatives.

**VIEWS OF OFFICES CONSULTED:** Concur.

**SUBMITTED TO INSPECTOR GENERAL FOR REVIEW:** Yes.

**BUDGET IMPACT, IF ANY:** None.

**RESPONSIBLE STAFF MEMBERS:** John Worth, Chief Economist, and Olga Bruslavski, Economist, Office of the Chief Economist; Robert C. Leonard, Director, Division of Consumer Access, Office of Consumer Protection; and Regina Metz, Staff Attorney, Office of General Counsel.

**SUMMARY:** The amendment will permit federal credit unions that do not qualify for a low-income designation using the NCUA geo-coding software to submit an analysis of a statistically valid sample of their member income data as evidence they qualify. The reason for the amendment is the current rule, as an alternative to NCUA's geo-coding software, requires member data drawn from loan applications or member surveys to show a majority of the members are low-income as defined in the low-income rule. Permitting federal credit unions to use a statistically valid sample of member incomes drawn from loan files or surveys, rather than collect income data from a majority of their members, will ease the burden on credit unions attempting to qualify for a low-income designation.

**RECOMMENDED ACTION:** Recommend the Board issue the final rule.

**ATTACHMENT:** Final rule.